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^ Also admitted in Massachusetts  
• Also admitted in North Dakota  
• Also admitted in Arizona

March 3, 2014

**RE: Butte Mine Flooding Consent Decree – MRI Future Remediation Claim Escrow Annual Report**

Dear Parties:

This Annual Report is made on behalf of Montana Resources, Inc. ("MRI") to conform to the Order entered by the United States Bankruptcy Court for the Southern District of Texas, Case No. 05-21207, In re: ASARCO LLC, et al. (Debtors) on December 27, 2007. The Order approved the Partial Settlement Agreement Regarding The Silver Bow Creek/Butte Superfund Site and Butte Mine filed on December 3, 2007 ("Settlement Agreement"). By Order dated April 17, 2008 the United States District Court for the District of Montana also approved the Settlement Agreement. On December 9, 2009, MRI received a distribution on the MRI Future Remediation Claim. In January 2010, MRI established an escrow account at First Interstate Bank, 101 E. Front Street, Missoula, Montana 59802, for the sole purpose of investing and distributing proceeds of payments received on the MRI Future Remediation Claim. The escrow account has identification #7269947 ("Escrow Account").

In accord with the Settlement Agreement, MRI reports the following for the year 2013:

1. The Escrow balance at January 1, 2013 was Five Million Six Hundred Sixteen Thousand Four Hundred Seventy Eight Dollars and Ten Cents (\$5,616,478.10).

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2. One Million Four Hundred Thousand Two Hundred Fifty Eight Dollars and Seventy Six Cents (\$1,400,258.76) was paid to Montana Resources, LLP, (the "Partnership") for the Partnership's cost of Work (as that term is defined in the Butte Mine Flooding Operable Unit Consent Decree which was entered on August 14, 2002) performed during the time period of August, 2012, to September, 2013.

3. MRI reports that the Work for which it requested and received reimbursement was diversion of Horseshoe Bend water, water treatment at the Horseshoe Bend Water Treatment Plant, and water fowl mitigation activities conducted pursuant to the terms of the BMFOU CD. During the reporting time period approximately 2,141,910,816 gallons of water was diverted at Horseshoe Bend and treated. Water diversion and treatment costs include costs to operate, maintain, and improve the water treatment plant to treat approximately 5 million gallons per day. Lime delivered to and used at the Horseshoe Bend Water Treatment Plant is the single largest water treatment cost and represents 63% of total costs. Other significant expenses include lime freight, power and labor, which represent 8%, 7%, and 7%, respectively, of total costs.

4. Interest earned on the funds held in the Escrow Account was Seventeen Thousand One Hundred Sixty Three Dollars and Sixty Six Cents (\$17,163.66).

5. The 2013 Escrow fee was paid with funds outside the Escrow Account.

6. The Escrow Account balance at December 31, 2013 was Four Million Two Hundred Thirty Three Thousand Three Hundred Eighty Three Dollars (\$4,233,383.00).

Please contact me if you have any questions concerning this Annual Report.

Very truly yours,

DATSOPOULOS, MacDONALD & LIND, P.C.



Rebecca L. Summerville

**MAILED TO:**

United States:

Chief, Environmental Enforcement Section  
Environment and Natural Resources Division  
U.S. Department of Justice  
P.O. Box 7611  
Washington, D.C. 20044-7611

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Director, Montana Office  
U.S. Environmental Protection Agency  
Region 8 - Montana Office  
10 West 15<sup>th</sup> Street, Suite 3200  
Helena, MT 59624

As to the Settling Federal Agencies:

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Environmental Defense Section  
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Seattle, WA 98115

EPA:

Nikia Green, Remedial Project Manager  
U.S. EPA Region 8 Montana Office  
Federal Building  
10 West 15<sup>th</sup> Street, Suite 3200  
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Charles Coleman (*via email: coleman.charles@epa.gov*)  
Helena, MT 59624 EPA Alternate Project Coordinator

D. Henry Elsen  
U.S. Environmental Protection Agency  
Region 8 – Montana Office  
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State or DEQ:

Daryl Reed  
State Project Officer  
Mine Flooding CERCLA Site  
Department of Environmental Quality  
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Mine Flooding CERCLA Site  
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and

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Stephen F. Walsh, Project Coordinator – Montana Resources, LLP  
Dennis R. Washington c/o Rebecca L. Summerville, Esq.